

Prosell

When performance matters

Why So Many Sales People Fail

Research into Why So Many Sales People Fail

Overview

This document contains four articles that have been combined as a separate booklet and covers two elements of research.

The first is research done by the SEC (Sales Executive Council Research) and looks at the relationship between coaching and sales performance.

The second is data collected by Prosell from its many client projects over a 25 year period. This looks at aspects of managing a sales operation that have been consistently shown to lead to sales people failing in their rol

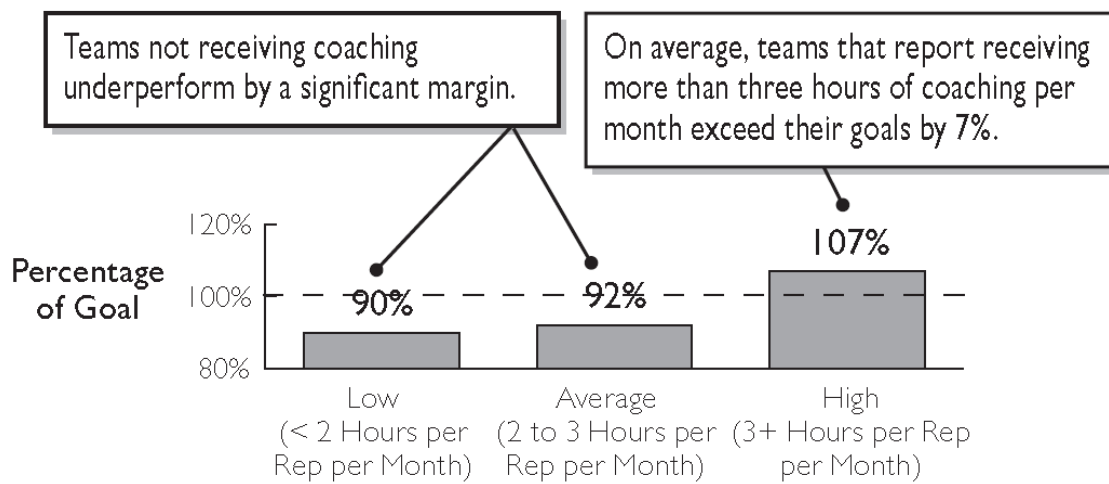
Research into Why So Many Sales People Fail: 1/4

New, independent research (Source: SEC Solutions Research, Sales Executive Council research) has recently been published on the impact of good, consistent coaching on sales effectiveness.

This first element of the research looks at how well managers currently coach and the impact of coaching (or no coaching) in the post training environment.

While coaching is both the manager activity most closely associated with rep success...

Team Percentage to Goal by Coaching Time per Rep per Month

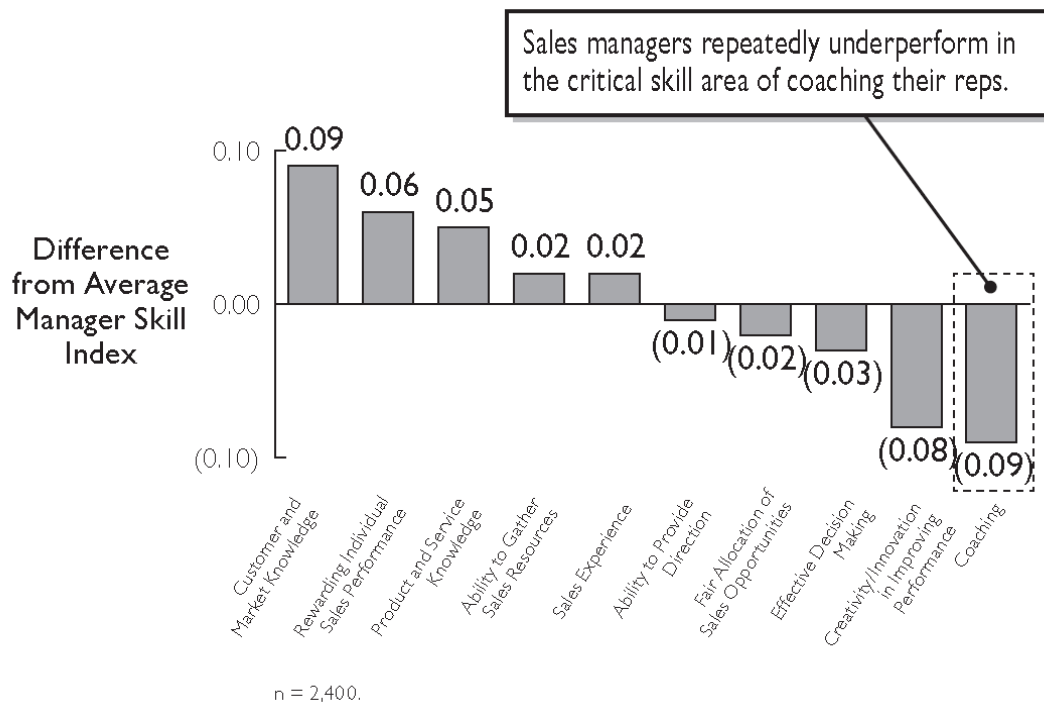


Research into Why So Many Sales People Fail: 1/4

...it is, regrettably, also the activity that managers perform least well

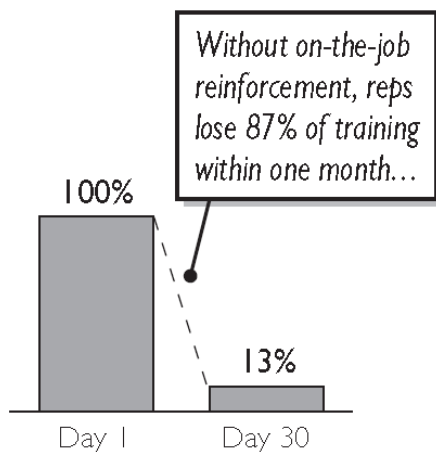
Relative Strengths/Weaknesses of Sales Managers

Manager Skill Index

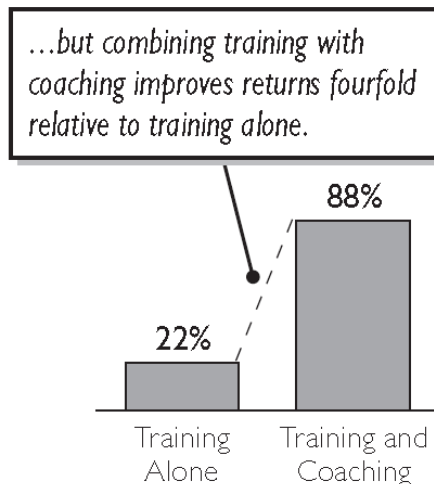


...and the key to maximizing value of training efforts...

Retention of Sales Training Without Systematic Coaching



Productivity Impact of Training Combined with Coaching



Research into Why So Many Sales People Fail: 1/4

The evidence is very clear. If sales team leaders and managers do not coach, most of the time and money spent on training is wasted, (87%) and people revert to old practices. The point worth considering more closely is this. If sales training dissipates so quickly, is the same not true for coaching training? We know the figures are startlingly similar. So if you simply put managers on a coaching course and then direct them to coach, you must accept that 87% of the content of that coaching course will fall away in less than a month and you are left with unskilful, poorly directed coaches.

It is as important (if not more), to coach the coaches as it is to coach the sales people.

Our next two sections in this document look at who to coach, how often and the level of skill needed. (Poor coaching is more harmful than not coaching at all!) The final section then looks at 3 other key reasons why so many sales people fail.

Research into Why So Many Sales People Fail: 2/4

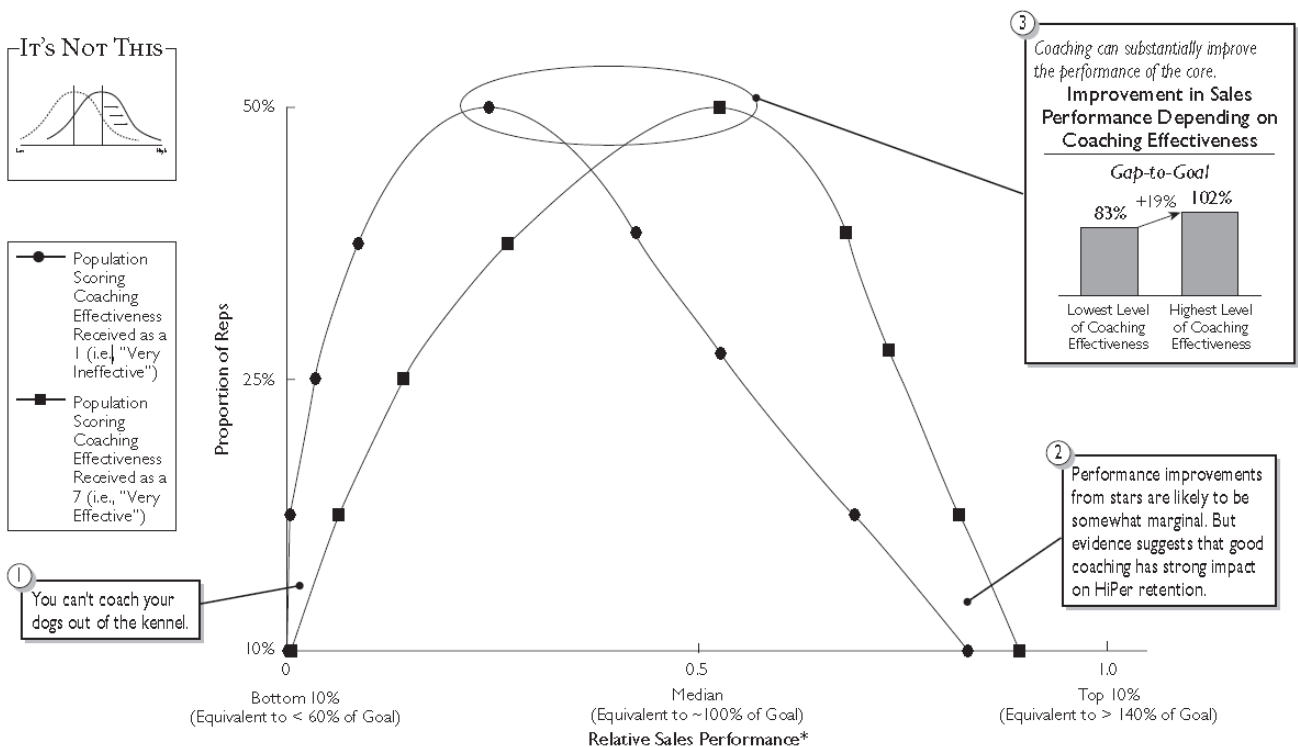
New, independent research (Source: SEC *Solutions* research, Sales Executive Council Research) has recently been published on the impact of good, consistent coaching on sales effectiveness.

This second section covers the insights from the research into who to coach and the optimum amount of coaching needed.

MOVING THE MIDDLE

Coaching Offers Greatest Leverage When Targeted at the Core

Distribution of Relative Sales Rep Performance by Coaching Effectiveness



* To account for different distributions depending on sales context, gap-to-goal numbers were converted to deciles.

Source: Sales Executive Council research.

This data makes a critical point. Our observations tell us that those managers who do coach are often misdirected. They spend a lot of time with poor performers (they are a cause for concern) and an inappropriate amount of time with high performers, because their contribution is so critical. This often means the middle 80% get little coaching, as they are doing OK.

The research shows us that moving this 'middle majority' in terms of skills and results delivers the highest pay off to the organisation. At the poor performer end, we have to be realistic about how much management time can be devoted to this group.

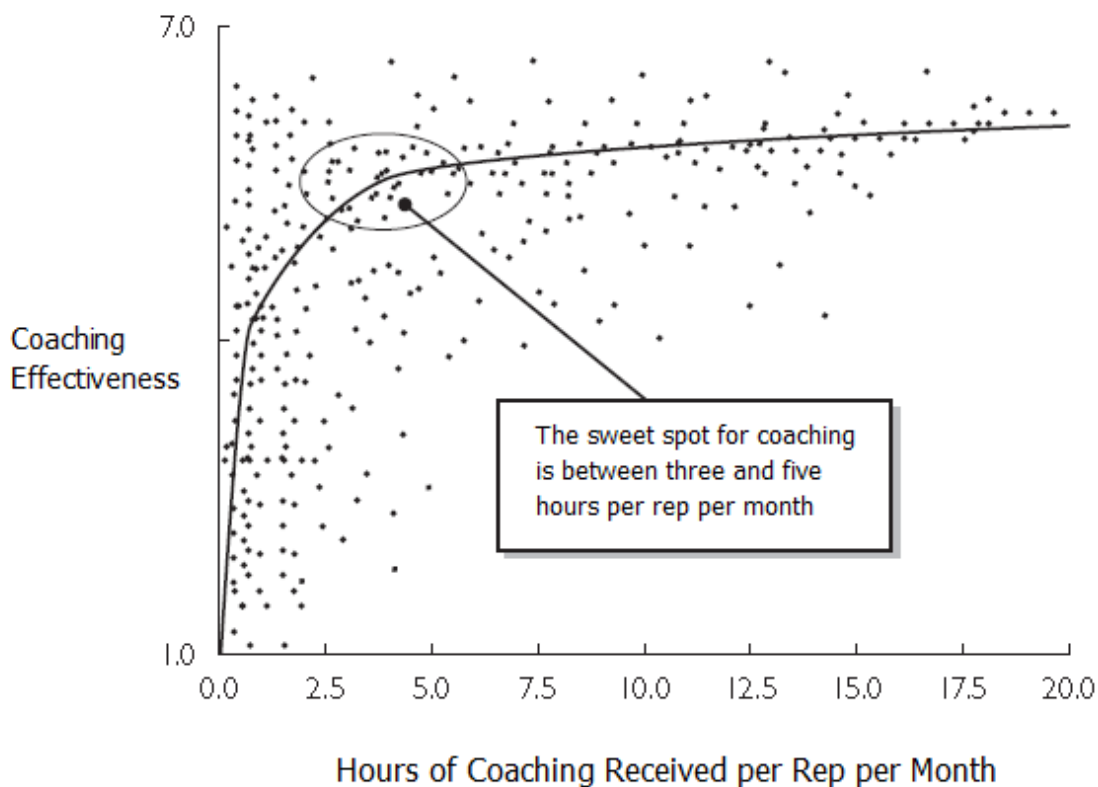
Research into Why So Many Sales People Fail: 2/4

The only exception to this is if the person is capable but inexperienced. High performers won't change much, but coaching here is also critical, because coaching has a direct impact on attrition and motivation. This is because good coaching significantly improves the relationship between manager and sales person.

The diagram below illustrates how much coaching is needed for each salesperson in order to optimise performance.

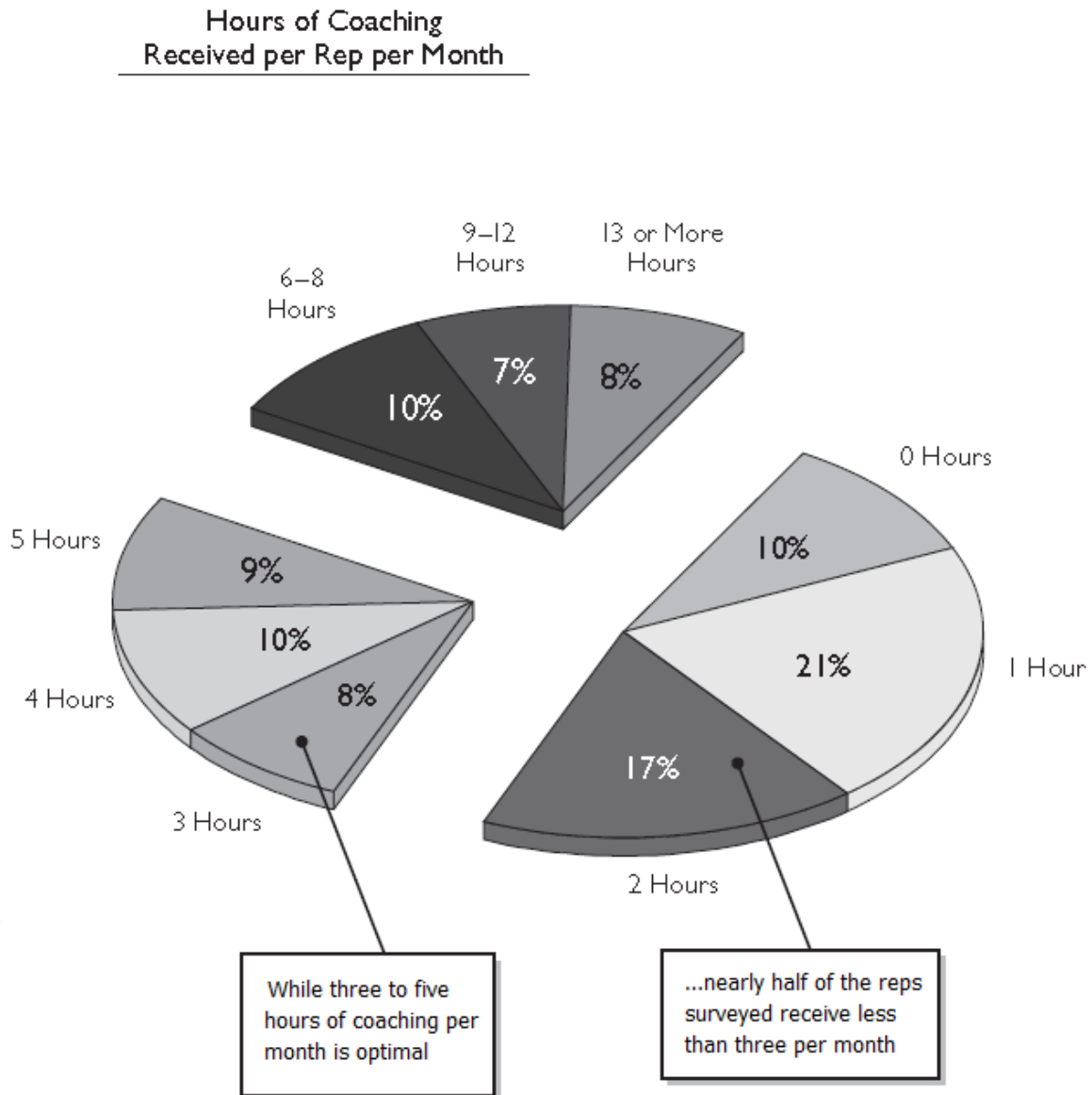
***While return on coaching time
diminishes dramatically after five hours...***

Coaching Effectiveness by Hours
of Coaching Received per Month



Research into Why So Many Sales People Fail: 2/4

...fewer than 30% of reps surveyed receive the optimal amount of coaching



The lesson here is to make absolutely sure that you have in place a system that ensures **all** managers are coaching **all** sales people 3 – 5 hours per month.

Our next section takes us from the quantity of coaching required and looks at the quality needed. As previously stated, poor coaching is more harmful than no coaching.

The final section then looks at 3 other key reasons why so many sales people fail.

Research into Why So Many Sales People Fail: 3/4

New, independent research (Source: SEC *Solutions* research, Sales Executive Council Research) has recently been published on the impact of good, consistent coaching on sales effectiveness.

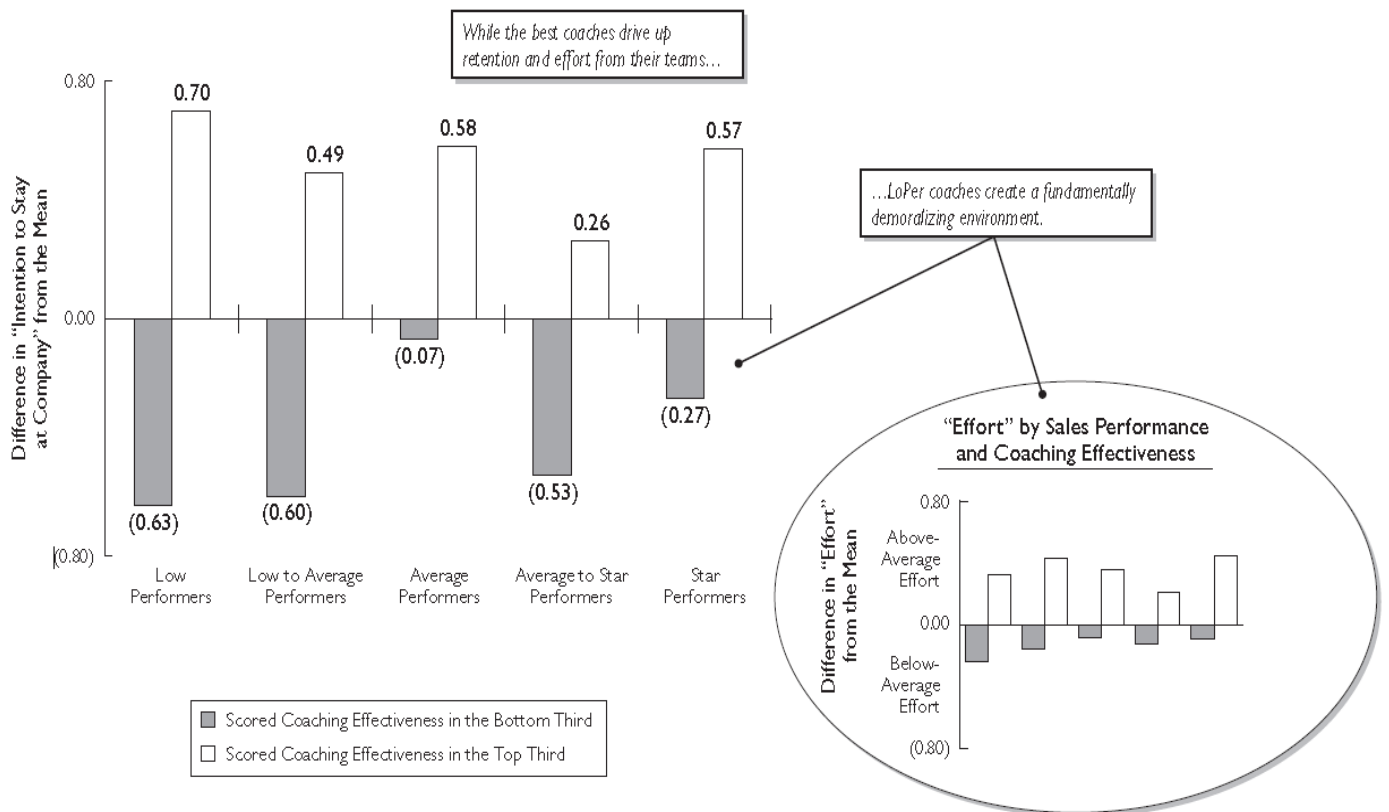
This third section covers the critical importance of coaching being delivered skilfully. Much of the 'coaching' we observe is not coaching at all, but simply feedback. What is worse, this feedback is usually one way and only focuses on where the sales person needs to improve. It tends to be subjective ('I think you could do better') and self-focused, ('what I would do is.....').

Consider this; when was the last time you agreed with a subjective criticism of your abilities? If you didn't agree, what was your reaction?

The diagram below shows the negative impact of poor quality coaching:

THE DAVID BRENT EFFECT

Coaching Is Highly Infectious, Whether Good or Bad



Source: Sales Executive Council research.

Research into Why So Many Sales People Fail: 3/4

The diagram has been labelled the 'David Brent Effect', by the researchers, based on the character in the hit UK TV series, The Office. It makes the point that poor quality coaching has a significant negative impact on both attrition and performance of top sales people. This no surprise when you consider that an Exit Interview Survey, conducted in Europe in 2009, showed that the number one reason for top performers leaving a sales role was dissatisfaction with the way they were managed and developed.

Poor quality coaching, or the negative feedback we described earlier, causes the following problems;

- It constantly reinforces that the person is not meeting management expectations
- It shows the manager as both arrogant and unhelpful
- It is resented
- It doesn't help people get better

Good coaching, on the other hand, helps a person uncover their performance capability and maximises their potential, and is both motivational and welcomed.

For coaching to be used as a tool to drive performance it needs to be consistent, skilful and measurably change the skills of others.

The next section looks at 3 other key reasons why so many sales people fail.

Research into Why So Many Sales People Fail: 4/4

The previous three sections have looked at the critical nature of sales coaching and shown it is a key differentiator in success or failure in salespeople. They have also shown that most sales managers coach, badly, inconsistently or not at all.

This final section summarises on the data collected by Prosell, which looks at practices, other than coaching, that lead to large numbers of sales people failing.

In this section we have concentrated on practices that are almost exclusive to the sales environment. We fully accept that there are a number of common reasons why employees in many roles may fail, such as;

- Poor interviewing skills
- No reference checking
- Subjective recruitment criteria
- Poor induction
- No setting of expectations or standards

and many more besides. Sales operations however, are more guilty than most of the 3 reasons listed below. These are all linked to each other and together create an environment for unacceptable numbers of people failing.

1. Measuring the Wrong Things

In any sales operation, in broad terms, we have to get two things right, quantity and quality. Quantity – are we doing enough of the right things? And quality, are we sufficiently skilful when doing these things to win our share of the business? Prosell's data (collected over 27 years of trading, with sales operations around the world) shows us that many organisations measure quantity (activity, results), but fail to measure quality (skills, effectiveness and customer perception). If you don't measure it, you have little chance of improving it – or even keeping it at a reasonable standard.

For a lot of companies, the soft stuff is the hard stuff and they lack the tools to measure soft skills. So they focus on the figures. As Jason Jordan and Michelle Vazzana point out in their book, *Cracking the Sales Management Code*, you can't manage a figure. What you can manage is the inputs that make up the figure, but in order to do that you need to measure them.

Research into Why So Many Sales People Fail: 4/4

2. Making HUGE Assumptions About Capability

Linked to point 1, many sales roles require a range of skills to be displayed at a reasonably high level;

- Justifying an appointment
- Articulating your company's value proposition (differentiating from competition)
- Identifying key commercial reasons for customers to buy
- Articulate and compelling proposals (either verbal or written)
- Negotiating
- Managing a sale to a successful conclusion

And many others. Yet how many sales operations spend time observing sales people to the point where they can say 'our people are more than competent at all the skills required to win?'

We cannot count the number of sales people we have met and observed, who have never had anyone thoroughly check, through observation and analysis, whether they can actually do the job well enough to be successful.

We hear, 'we recruit experience', 'we trust our sales people to know what to do', 'we don't want to upset the customer relationship by observing them', and many varieties of these. In many cases, where managers do go out with sales people, they just take over and never sit back and observe their people in action.

The end result of all this is people being left alone to do things poorly, or just avoid the more difficult things they know they should be doing. This is almost unique to sales. A mechanic is not left to make it up and try their best. As new employees their work is thoroughly checked. This is true of even most junior roles. Yet many sales people are simply left alone to fail. And more are failing in a tighter world economy, where better and different skills are needed.

3. Wrong Training and Poor Education Techniques

Much sales training and education, particularly bought from suppliers who already have a 'methodology', 'process' or 'model' doesn't actually address the challenges the sales people face and in some instances, makes performance worse. Be wary of this.

If we accept that markets, customer behaviour and expectations have all changed dramatically in the last few years, then have you checked what your sales people really need to be better at and are you happy you have a process in place to align training and direction with current market challenges?

In a tight economy, we have to win business from the competition, rather than just get business because our customers are growing. This is the difference between a growth strategy and a market share strategy.

Research into Why So Many Sales People Fail: 4/4

A market share strategy means you need to be able to beat the competition and take business from them, which in turn means good competitive knowledge and the ability to articulate your value proposition in a compelling and relevant way. Has your training or support for sales people changed to reflect this (and other market changes?)

When we talk about poor education techniques, there are two that seem to be most frequent. The first is the practice of putting a new person with an experienced one, so the new person can 'learn what they need'. Copying someone else in selling technique rarely works. We all have different styles, terminology and personalities and need an environment where we are able to use these things as we learn.

The second is scripting. It is a poor substitute for development and let's face it, scripts sound like a script being read. Have you ever bought from someone who was reading a script?

Referring back to the other three sections in this booklet, it is no surprise that good coaching has such a significant impact on results, because it goes a long way to resolving these 3 key problems.

Good coaching means you have to set clear standards of sales execution, observe and check those standards in the workplace and deliver coaching / skill development in the areas where sales people need development most.

Hopefully this document has given you food for thought and an insight into what to focus on if you wish to improve sales performance.

Prosell's Licence to Coach™ program achieves all of this, as it focuses on developing coaches in the workplace, to the point where they are measurably changing the performance and motivation of others. So if you want to significantly improve coaching effectiveness and sales figures, then give us a call.